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|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------|
| Subject: VIRGINIA Class Submarine | DoD Serial Number: FY 04-04 PA |
| Appropriation Title: Shipbuilding and Conversion, Navy, 04/08; Other Procurement, Navy, 04/06; and Research, Development, Test, and Evaluation, Navy, 04/05 | Includes Transfer? Yes |

| Component Serial Number: FY 04-2PA | (Amounts in Thousands of Dollars) | | | | | | | |
|---------------------------------------|----------------------------------------------|--------|----------------------------------------|--------|----------------------|--------|-----------------|--------|
| | Program Base Reflecting Congressional Action | | Program Previously Approved by Sec Def | | Reprogramming Action | | Revised Program | |
| Line Item | Quantity | Amount | Quantity | Amount | Quantity | Amount | Quantity | Amount |
| a | b | c | d | e | f | g | h | i |

This reprogramming action is submitted for prior approval because it uses general transfer authority pursuant to section 8005 of Public Law 108-87, the DoD Appropriations Act, 2004; and section 1001 of Public Law 108-136, the National Defense Authorization Act for FY 2004. This action realigns \$29.8 million within the Shipbuilding and Conversion, Navy, 04/08, appropriation and transfers \$10.2 million from Other Procurement, Navy, 04/06, appropriation and \$9.0 million from Research, Development, Test, and Evaluation, Navy, 04/05, appropriation to Shipbuilding and Conversion, Navy, 04/08, appropriation. This action is for higher priority items, based on unforeseen requirements, than that for which the funds were originally appropriated. It meets all administrative and legal requirements of the Congress, and the Congress has not denied any of the items.

FY 2004 REPROGRAMMING INCREASE: **+49,000**

Shipbuilding and Conversion, Navy, 04/08 **+49,000**

Budget Activity 2: Other Warships

VIRGINIA Class Submarine Advance Procurement (CY)

| | | | | | | | |
|--------------------------|---|-----------|---|-----------|----------------|---|-----------|
| | | 827,172 | | 827,172 | +37,200 | | 864,372 |
| VIRGINIA Class Submarine | 1 | 1,511,935 | 1 | 1,511,935 | +11,800 | 1 | 1,523,735 |

Explanation: The Navy has negotiated a five-ship multi-year procurement (MYP) contract for one VIRGINIA Class Submarine per year beginning in FY 2004. The VIRGINIA MYP contract is underfunded based on final FY 2004 congressional action. Without this reprogramming action, the MYP cannot be certified as fully funded and the contract cannot be awarded by 31 January 2004, the current expiration date. The FY 2004 baseline amount has not yet been adjusted for undistributed congressional reductions.

FY 2004 REPROGRAMMING DECREASES: **-49,000**

Shipbuilding and Conversion, Navy, 04/08 **-29,800**

Budget Activity 2: Other Warships

CVN Refueling Overhauls Advance Procurement (CY)

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|--|--|---------|--|---------|----------------|--|---------|
| | | 232,832 | | 232,832 | -10,000 | | 222,832 |
|--|--|---------|--|---------|----------------|--|---------|

Explanation: The Navy has deferred the CVN-70 Refueling Complex Overhaul from FY 2005 to FY 2006. These funds are available for reallocation in FY 2004 without excessive risk, due to the need to fund the Virginia Class multi-year contract. The funds will be budgeted in the FY 2005 President's Budget submission. The FY 2004 baseline amount has not yet been adjusted for undistributed congressional reductions.

Approved (Signature and Date)

DEC -8 2003

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| | Includes Transfer? Yes |

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| a | b | c | d | e | f | g | h | i |

Budget Activity 5: Auxiliaries, Craft & Prior Year Program Costs

| | | | | |
|------------|---------|---------|---------|---------|
| Outfitting | 338,749 | 338,749 | -19,800 | 318,949 |
|------------|---------|---------|---------|---------|

Explanation: Funds are available for reallocation due to a re-phasing of requirements and the efforts will be funded in subsequent fiscal years. The FY 2004 baseline amount has not yet been adjusted for undistributed congressional reductions.

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|---------------------------------------|---------|
| <u>Other Procurement, Navy, 04/06</u> | -10,200 |
|---------------------------------------|---------|

Budget Activity 4: Ordnance Support Equipment

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|-------------------------|---------|---------|---------|---------|
| AEGIS Support Equipment | 114,827 | 114,827 | -10,200 | 104,627 |
|-------------------------|---------|---------|---------|---------|

Explanation: The reduction reflects the decision to suspend Area Air Defense Commander (AADC) procurements and installations, because the system has been assessed to provide only marginal warfighting value to the Navy. The FY 2004 baseline amount has not yet been adjusted for undistributed congressional reductions.

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| <u>Research, Development, Test, and Evaluation, Navy, 04/05</u> | -9,000 |
|-----------------------------------------------------------------|--------|

Budget Activity 5: System Development and Demonstration

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|----------------------------|---------|---------|--------|---------|
| PE 0604558N New Design SSN | 155,305 | 155,305 | -9,000 | 146,305 |
|----------------------------|---------|---------|--------|---------|

Explanation: The reduction will likely result in delay of efforts such as large-scale vehicle hydrodynamic and acoustic trials, and non-propulsion electronics trouble report and deficiency corrections. These efforts can be accomplished in FY 2005 with little to no impact on the program. The FY 2004 baseline amount has not yet been adjusted for undistributed congressional reductions.